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IN THE

Supreme Court of the United States

OCTOBER TERM 1948

No. 309

YORK CORPORATION, *Petitioner,*

vs.

REFRIGERATION ENGINEERING, INC., *Respondent.*

PETITION OF YORK CORPORATION FOR WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE NINTH CIRCUIT, AND BRIEF IN SUPPORT THEREOF

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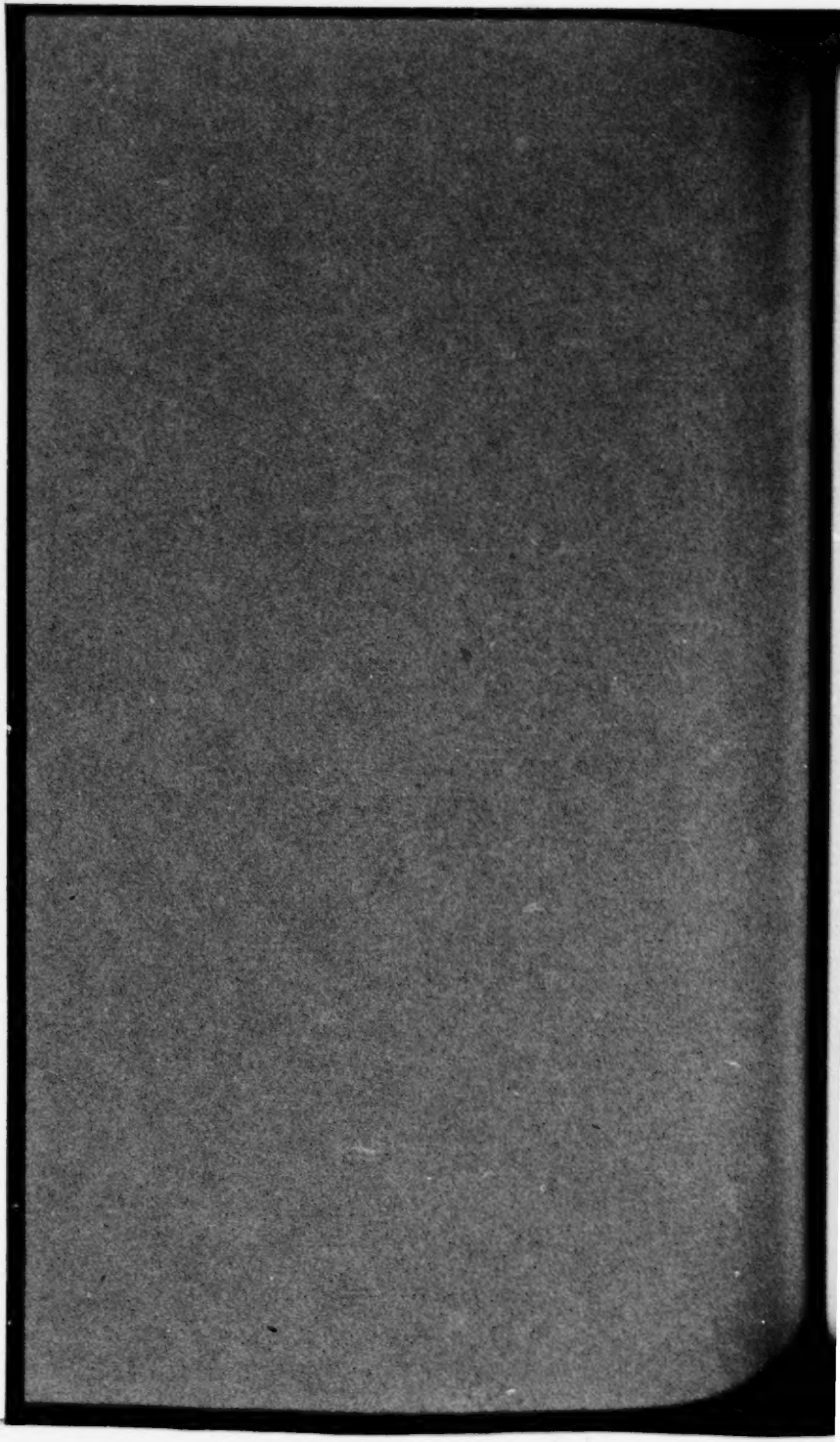

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PETITION OF YORK CORPORATION FOR WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE NINTH CIRCUIT

TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Your Petitioner, York Corporation, respectfully prays for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit to review a judgment of that Court entered on June 29, 1948.

A certified transcript of the record, including the proceedings in said Court of Appeals, is furnished herewith, pursuant to Rule 38 of the Rules of this Court.

SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED

Petitioner, York Corporation, brought this action against Refrigeration Engineering, Inc., seeking a declaratory judgment that the McAdam patent No. 2,219,393 was invalid and that Petitioner did not infringe any of the pat-

ent's fourteen claims. In its answer Respondent included a counterclaim charging infringement by Petitioner, to which Petitioner filed a reply, denying validity and infringement.

The United States District Court for the Southern District of California, Central Division, rendered an oral opinion of two paragraphs, holding claims 1 to 12, and 14 invalid; claim 13 valid because it was "the only claim which has the entire combination for constantly maintaining temperatures in a room below the freezing point of water", and holding this claim infringed (R. I, 12)*.

The District Court adopted *verbatim* the proposed Findings of Fact, Conclusions of Law and the Judgment submitted by Respondent (R. I, 13-26).

The Court of Appeals affirmed the District Court's holding of invalidity of claims 1-9, 12 and 14 and of validity and infringement of claim 13; and held claims 10 and 11 also valid, but made no finding as to infringement of such claims (R. V, 1562; 168 F. 2d 896).

Petitioner urged invalidity of the patent because of anticipation and lack of invention, not only in view of prior patents, but also because of five instances of prior public knowledge and use, and one instance of prior public knowledge and sale of mechanisms having the same combination of old parts.

In support of these defenses, Petitioner offered prior patents, which were not the subject of any oral testimony, and the depositions of 25 witnesses plus, as to one prior use, the oral testimony in Court of two witnesses. In spite of the fact that this prior art, published and practical, constituted Petitioner's main defenses with respect to invalidity, and were fully supported by the evidence, there is not one word of discussion, or even mention, of any of this prior art in the opinions of either Court below.

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* While the five volumes of the Record are paged consecutively, for convenience the volume will be indicated by Roman numerals.

During Petitioner's cross-examination of Respondent's Vice President and General Manager, facts were brought to light which conclusively proved that Respondent was itself not selling the entire patented combination, was attempting to use the patent to protect such unpatented business from competition, and was therefore misusing its patent (R. I, 79-81). Petitioner therefore moved, before the close of its case (R. III, 1053-1060), to amend its complaint to set up this defense, urging that Respondent should be barred from relief on the patent, but this motion was denied by the District Court (R. III, 1060-1063). The Court of Appeals held that the motion was properly denied because "there was no proof that defendant had misused the patent" (R. V, 1561; 168 F. 2d 896, 901).

The patent in suit

The McAdam patent is for a mechanical device consisting of a combination of parts for a commercial refrigerating machine, some of these parts serving the function of removing frost which accumulates upon the cooling coils of the refrigerator. Such removal is desirable because the frost reduces the cooling efficiency of the coils.

The patented device (R. IV, 1428) shown at the top right of the illustration opposite page 4, consists of a unit placed in the space which is to be refrigerated, that is, the refrigerator box 10, which unit has cooling coils 5, a water supply conduit 17 into which water is allowed to flow through valve 18 into the pan 14 which is placed above the coils. The water flows through the holes 15 in the pan, down over the coils, melting the frost, and is then collected in the bottom pan 8 from which it flows out of the refrigerated space through a self-draining conduit 11. When the frost has been removed from the coils, the valve 18 is closed, turning off the inlet water, and any water remaining in the pan over the coils drains down onto the coils through the holes, and may also drain back through the supply conduit 17 and out through the valve. This valve is of the well known "stop

and waste" type, which allows back drainage of the water in the pipe even while it shuts off the incoming water.

Claim 13* calls for a

1. *coil*
2. *spray-head*
3. *fan*
4. *drip pan*
5. *outlet pipe*
6. *inlet pipe*
7. *means* for periodically supplying water (here a valve), all in combination with a
8. *refrigerated space,* that is, the refrigerated room or refrigerator box.

Claim 10 adds certain elements to those listed above, including fins on the coils, and "channels" in the coils. Claim 11 adds to claim 10 the element of water pipes of slow heat conducting low-specific-heat material.

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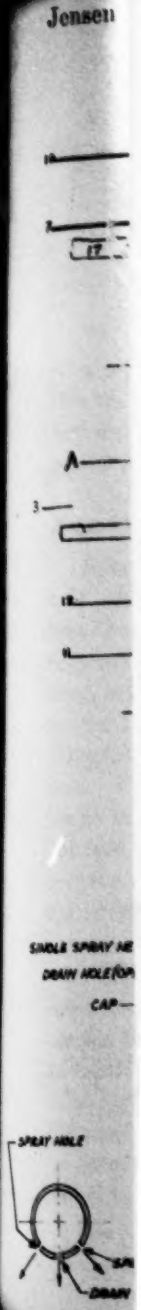
* 13. In combination with a *refrigerated space***, a *coil* adapted for periodic defrosting, a *spray-head* positioned to distribute water over said coil for defrosting thereof, a *fan* to move air of said space over said coil adapted to be discontinued during defrosting periods whereby the air of said space does not rise above the freezing point of water during the defrosting period, a *drip pan* disposed below said coil to receive water and ice gravitating from said coil, a self-draining *conduit* leading from said drip pan to points remote from said space, and an inclined *water supply conduit* leading from a point remote from said space to said spray-head; said water supply conduit at said remote point provided with an opening normally open to the atmosphere [through a valve] whereby the conduit and spray-head respectively are self-draining, and *means* [in this instance a valve] *for periodically supplying water* to said supply conduit during period when said fan is inoperative.

** *Italics ours unless otherwise indicated.*



As the Court of Appeals stated (R. V, 1553; 168 F. 2d 896, 899):

> "Defendant [Respondent] concedes that all elements of the claimed invention were old and well known to the refrigeration art prior to such invention".

The patent is thus clearly for a mechanism consisting of a *combination* of physical elements. Since the invention resides in the *combination* of *all* of the elements, when any mechanism lacks one or more of the elements of the combination, that mechanism is not the patented one.

Respondent's business

Respondent's Vice President and General Manager, its only officer to testify, stated that Respondent's business was the "manufacturing of nothing but coils" (R. I, 41), only one of the elements of the combination. It did, however, sell some of the other parts of the combination, such as the fan and pans, with the coils it manufactured. *But Respondent does not sell all of the elements of the combination.* The evidence as to this is clear and there is no evidence to the contrary. Respondent does not sell the *inlet conduit* between the valve and the spray pan. Nor does it sell the *outlet conduit* from the drip pan to the outside of the refrigerated space (R. I, 80, 79). Both of these parts are essential elements of the patented combination. Nor does Respondent install the unit in (or in connection with) the *refrigerated space,* that is, the refrigerator box, nor does it sell such box, with which the rest of the elements are in combination (R. I, 81). The combination of the patent does not come into existence until after the parts sold by Respondent have passed out of its hands and the remaining parts of the combination, sold by someone else, have been added to it.

Respondent's business therefore is the sale of a device having only five of the eight elements of the combination.

The mechanism it sells is *not* that of the patented combination.

The evidence also shows the manner in which Respondent was using its patent to protect its unpatented business.

Where the device sold by the Respondent, which was less than the entire combination and therefore unpatented, was purchased from it, Respondent did not at any time sue the purchaser for infringement of the patent, either when the unit was installed or resold. But suits were brought upon the patent against Petitioner and others *when those defendants manufactured themselves or went to someone other than Respondent to purchase the unpatented parts of this combination* (R. I, 89, 104-5).

Patent Invalidity Defenses Raised by Petitioner

Petitioner urged that the patent was invalid because of anticipation and lack of invention, in view of prior patents, prior knowledge, sale and use.

It was admitted that all the parts of the combination were old in the refrigeration art. It was Petitioner's contention that the combination itself was also old, and further, that even if this particular combination had not been old there was no invention in making it.

Prior Patents

Among the prior patents in evidence, reference will only be made here to the French Jensen patent No. 800,640 of 1936. This patent covers a refrigerating mechanism having a

coil
spray-head
fan
outlet pipe
inlet pipe, all in combination with a
refrigerated space (refrigerator box).

Figure 1 of the diagrammatic drawings of that patent (R. IV, 1286), reproduced at the top left of the illustration opposite page 4 of this Petition, shows that the air enters at the top of a surrounding cylinder 15, passes down between the inside of cylinder 15 and the outside of cooling container 2, and thence up through cooling tubes. When the cooling tubes are sufficiently cold so that the air sucked through them will be reduced to a temperature of —2°C. a *fan* 9 is set in operation. (R. IV, 1282). The air to cool the refrigerated space is thus at a temperature below freezing.

Defrosting is accomplished by causing either a "*stream of* air or *water*" (R. IV, 1282) to flow over the cooling container 2 from a perforated *spray pipe* 16 placed over the container. The melted frost and water are collected in a *drip pan* 14 and conducted outside the refrigerated space by the *drain pipe* 18. A control is provided whereby the fan is stopped during the defrosting period.

The Jensen refrigerating unit is placed within the space it is intended to refrigerate. The patent refers to the fan blowing the cooled air "against the ceiling of the cooling chamber", stating that the "blower keeps the air of the chamber in continuous circulation, which is of advantage in the preservation of foodstuffs" (R. IV, 1282). Since the thermostat is set to operate the refrigerating unit fan when the temperature gets up to —2°C., which is between 28° and 29° F., the refrigerated space is continually kept below freezing.

This patent shows all of the parts called for in McAdam's claim 13 except a "means for periodically supplying water" such as a valve, for instance the common stop and waste valve. It is obvious that Jensen must have used some such well known "means" to start and stop the flow of the defrosting water. The particular "means" was left to the man skilled in the art.

This patent was offered by Petitioner and although Respondent had a "patent" expert testify, he did not at-

tempt to distinguish the Jensen patent from the combination of the McAdam patent.

Neither the opinion of the District Court nor that of the Court of Appeals referred to this patent or any other of the published prior art.

Prior Knowledge, Sale and Use

Petitioner proved six instances of prior use or sale of refrigerating apparatus with water defrosting mechanism, supported by the depositions of 25 witnesses who had personal knowledge of the facts, plus two witnesses who testified before the District Court with respect to one of the prior uses. The evidence with respect to all but one of these instances of prior use and sale was thus *entirely by depositions and documents.*

All of these prior devices had in combination all of the eight elements listed above as the combination claimed by McAdam. In all of the devices water was used to defrost commercial refrigerating coils.

Swift & Company at Elmira, N. Y.

The refrigeration unit, with defrosting device, was installed by Swift & Company in 1935 and was still in use at the time the depositions in this case were taken.

The construction of the unit may be seen at the left-hand lower side of the illustration opposite page 4 of this Petition. Like the McAdam patent it consists of a spray head, supply conduit and control valves for the defrosting water, finned coils, fan (not shown in the drawing), drip pan and drain. Photographs of the installation are included in the Record (R. IV, 1206 to 1210) and the construction, installation and operation of the plant were testified to by the man who installed it, by the superintendent of the plant and by the operator of the unit (R. II, 690, 654, 680).

Polar Ice Installation at Indianapolis

This blower type fin coil unit was sold in 1934, three years before the conception of the McAdam device. This sale and the construction, installation and operation of the unit were testified to by eight witnesses (R. II, 402, 435, 466, 470, 477, 497, 501). The order specified that the unit was to maintain the refrigerated space at a temperature below freezing; it was designed to do this; upon installation it was tested and found to maintain such temperatures and to defrost satisfactorily.

The portion of this unit located within the refrigerated space is shown in the righthand lower figure of the illustration opposite page 4 of this Petition. The unit had all of the eight elements listed above as the combination claimed by McAdam. Its defrosting operation was the same as that of the McAdam patent.

Carnegie Steel Company at Pittsburgh

The water defrosting apparatus was used from 1906 to 1921. The facts were testified to by five witnesses, with supporting blueprints and other documents (R. I, 298, 309, 313, 361; II, 384; IV, 1117, 1118).

Illinois Steel Company at South Chicago

This water defrosting device was used from 1907 to 1912, and its construction and operation were testified to by five witnesses who operated the plant (R. II, 568, 505, 539, 573). Their testimony was documented by construction drawings showing the defrosting system (R. IV, 1153) and 40 temperature charts (R. IV, 1154-1193).

Northwestern Iron Company at Mayville, Wisconsin

The water defrosting device was here used from 1909 to 1928 and its construction and operation were testified to by the man in charge during all those years (R. II, 573). His

testimony was supported by drawings (R. IV, 1125, 1205) and temperature charts (R. IV, 1194-1204).

Trullinger & Eustice at Yamhill, Oregon

The construction and operation of this installation were testified to by the owners of the refrigeration plant where the unit was installed, by salesmen who made the sale of the water defrosting unit and by the men who made the installation (R. II, 751; III, 832, 869, 919).

As this evidence showed that water defrosting was old in the art, and that the combination of specific elements was also old, Respondent urged upon the Court, in an attempt to avoid the effect of this mass of anticipating material, that the McAdam invention was for a unit "located within a space continually maintained at a temperature below the freezing point of water" (Respondent's Brief C. C. A. p. 2) and that "clearly the McAdam invention is not anticipated by a refrigerating apparatus which is not maintained *constantly* below the freezing point of water" (Respondent's Brief C. C. A. p. 29, emphasis theirs).

Petitioner argued that the anticipating art did show apparatus maintained *constantly* below the freezing point of water, but that even if this were not so, Respondent could not urge this limitation to its patent in order to save it from anticipation,

(a) because Respondent had specifically abandoned such a position in the Patent Office, cancelling from its claims such limitations (R. IV, 1371-73, 1413, 1414); and

(b) because any such argument in effect turns mechanism claims into method of use claims, and such method claims were specifically asked for, then cancelled and abandoned in the Patent Office (R. IV, 1342-43, 1414).

These arguments of Petitioner are obviously subsidiary to, and in support of, its main argument that the prior

art anticipates and shows lack of invention, and these arguments were made to meet Respondent's argument that the claims may be saved by a narrowed interpretation. The Court of Appeals appears to have misunderstood Petitioner's argument, for it states:

> "While abandonment of method claims is thus suggested argumentatively in plaintiff's brief, no mention is made concerning such an issue in the findings of the Court, the statement of points to be relied upon on appeal, or in plaintiff's specifications of error, and the contention will not be considered here" (R. V, 1555).

In addition, the Court's statement is incorrect. Petitioner's Statement of Points to be Relied upon on Appeal (R. III, 1109-1113) includes complete reference to invalidity in view of prior patents and prior use and sale (pars. 1, 7, 10, 15-19) and lack of invention (pars. 3, 4, 8). Petitioner's Specification of Errors (Court of Appeals Brief pp. 4-6) includes error for failure to find anticipation by prior patents and publications, and prior knowledge, use and sale (pars. 1a, 1b); for failure to find lack of invention (par. 1c); and for *"ignoring the fact that Refrigeration was estopped from urging that such limitation existed"* (par. 2), referring to the narrowed interpretation urged by Respondent. Nothing could have brought up the point more clearly. The Court of Appeals erred seriously when it determined that "the contention will not be considered here" (R. V, 1555).

What consideration the District Court gave to the prior patents, and evidence of prior knowledge, use and sale is not clear, since no mention whatsoever of these main defenses is made in its opinion (R. I, 12). The Findings of Fact which it entered dealing with these defenses were just as Respondent submitted them and Petitioner's proposed Findings were ignored. With respect to these Findings the Court of Appeals stated (R. V, 1556; 168 F. 2d 896, 899):

> "The court, by its above mentioned findings, determined two questions—the question of novelty and

> the question of invention. Both were questions of fact. Ralph N. Brodie Co. *v.* Hydraulic Press Mfg. Co., 9 Cir., 151 F. 2d 91; Maulsby *v.* Conzevoy, 9 Cir., 161 F. 2d 165. The findings are supported by substantial evidence, are not clearly erroneous and should not be disturbed."

The Court of Appeals did not otherwise comment upon, or discuss, the anticipating patents or the testimony by deposition of 25 witnesses who gave evidence relating to instances of prior knowledge, use and sale, nor the question of patentable invention.

The evidence forming the basis of the Findings of Fact with respect to anticipation, novelty and invention being documentary and by deposition, was of the kind which appellate judges are in as good a position to weigh as was the trial judge. Under such circumstances, there should be little presumption in favor of the trial court's Findings of Fact based upon that evidence and the Court of Appeals should have reviewed the entire evidence to determine whether a mistake had been committed.

Infringement

The evidence as to the apparatus which Petitioner sold is contained in a stipulation (R. IV, 1527-29), which shows that Petitioner sold certain "standard sectional coil units" and supplied "water defrosting connections with its standard sectional coil unit, where the unit was installed to maintain a temperature well below freezing in the refrigerated space" or refrigerator box. It does not state Petitioner installed the unit or sold the refrigerator box.

Petitioner sold the coil unit and the connections. It did not sell the refrigerator box into which the unit was to be placed, nor did it have any control over whether the refrigerated space was to be kept "constantly" above or below freezing.

There is no evidence that any unit sold by Petitioner was ever used in connection with a refrigerated space "*constantly*" kept below freezing, as required by the District Court's interpretation of claim 13 (*supra* p. 2).

JURISDICTION

1. This is a suit arising under the Declaratory Judgment Statute, Section 274d of the Judicial Code (28 U. S. C. § 400; now 28 U. S. C. § 2201) and under the Patent Laws of the United States, Section 24(7) Judicial Code (28 U. S. C. § 41(7); now 28 U. S. C. § 1338(a)).

2. The jurisdiction of this Court is invoked under the Judicial Code (28 U. S. C. § 1254(1)) and Rule 38(5)(b) of the rules of this Court.

3. The date of the judgment which Petitioner seeks to have reviewed is June 29, 1948 (R. V, 1564).

QUESTIONS PRESENTED

1. May the owner of a patent for a combination of old elements, who sells less than the entire patented combination, use the patent to protect such unpatented business from competition?

2. When Findings of Fact of the District Court pertaining to the defenses of invalidity of the patent are inferences from undisputed evidence or are based solely upon documentary evidence or depositions, as distinguished from oral testimony taken before the trial court, is the presumption in favor of such Findings so strong that they should remain undisturbed if supported by "substantial evidence", even though they be against the weight of the evidence?

3. Can claims for a mechanical combination of a patent be saved from anticipation by giving them an interpretation specifically abandoned in the Patent Office; and can such claims be turned by such interpretation into method claims, when method claims were rejected by the Patent Office and later cancelled?

4. Can a patent for a combination of old elements be infringed by a mechanism which does not include all the elements or equivalents thereof?

REASONS RELIED UPON FOR THE ALLOWANCE OF THE WRIT

1. In holding that Respondent did not misuse its patent by attempting to control competition on unpatented devices, the Court of Appeals decided an important question of patent law in conflict with the decisions of this Court and of other Circuit Courts of Appeals. *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661; *Mercoid Corp.* v. *Honeywell Co.*, 320 U. S. 680; *Galion Metallic Vault Co.* v. *Edward G. Budd Mfg. Co.* (3 Cir., 1948) —— F. 2d ——, 78 U. S. P. Q. 135; *Landis Machinery Co.* v. *Chaso Tool Co.* (6 Cir., 1944) 141 F. 2d 800; cert. den. (1944) 323 U. S. 720; *Master Metal Strip Service, Inc.* v. *Protex Weatherstrip Mfg. Co.* (7 Cir., 1948) —— F. 2d ——, 78 U. S. P. Q. 119; *Frank Adam Electric Co.* v. *Westinghouse Elec. Mfg. Co.* (8 Cir., 1945) 146 F. 2d 165.

2. In refusing to disturb the District Court's Findings of Fact relating to the defenses of invalidity for anticipation and lack of invention, which Findings were inferences from undisputed evidence or were based upon documentary evidence or depositions only, the Court of Appeals gave an interpretation to Rule 52(a) of the Federal Rules of Civil Procedure 28 U. S. C. A. 723c that is contrary to the decisions of this Court and of other Courts of Appeals. *United States* v. *U. S. Gypsum Co.*, 333 U. S. 364; *Fleming* v. *Palmer*, (1 Cir., 1941) 123 F. 2d 749, 751; cert. den. (1941) 316 U. S. 662; *Munroe* v. *Smith*, (1 Cir., 1919) 259 F. 1, 2; *Banister* v. *Solomon*, (2 Cir., 1942) 126 F. 2d 740, 741; *Photoplay Pub. Co.* v. *LaVerne Pub. Co.*, (3 Cir., 1921) 269 Fed. 730, 732; *Stewart* v. *Ganey*, (5 Cir., 1941) 116 F. 2d 1010, 1013; *Kaeser & Blair* v. *Merchants' Assn.*, (6 Cir., 1933) 64 F. 2d 575, 576; *Kycoga Land Co.* v. *Kentucky River Coal Corp.*, (6 Cir., 1940) 110 F. 2d 894, 896; cert. den. (1940) 312 U. S. 688; *Carter Oil Co.* v. *McQuigg*, (7 Cir., 1940) 112 F. 2d 275, 279; *Nashua Mfg. Co.* v. *Berenzweig*, (7 Cir., 1930) 39 F. 2d 896, 897; *Uihlein* v. *General Electric Co.*, (7 Cir., 1931)

47 F. 2d 997, 1003; *Wigginton* v. *Order of United Commercial Travelers,* (7 Cir., 1942) 126 F. 2d 659, 661; cert. den. (1942) 317 U. S. 636; *United States* v. *Corporation of the President, etc.,* (10 Cir., 1939) 101 F. 2d 156, 160.

3. In giving the claims of the patent an interpretation specifically rejected and abandoned in the Patent Office, the Appellate Court decided a question of patent law contrary to the decisions of this Court. *Schriber Co.* v. *Cleveland Trust Co.,* 311 U. S. 211, 220; *Morgan Envelope Co.* v. *Albany Paper Co.,* 152 U. S. 425, 429.

4. In holding infringement to exist when Petitioner's device did not have all the elements of the combination claim, the Court of Appeals applied a rule of law contrary to that long established by this Court. *Cimiotti Unhairing Co.* v. *Am. Fur. Ref. Co.,* 198 U. S. 399; *Mercoid Corp.* v. *Mid-Continent Co.,* 320 U. S. 661.

PRAYER

Wherefore your Petitioner respectfully prays that a writ of certiorari be issued to the United States Court of Appeals for the Ninth Circuit to the end that this cause may be reviewed and determined by this Court; that the judgment of said Court of Appeals be reversed as to the matters hereinafter specified as error, and that Petitioner be granted such other and further relief as may be just.

Respectfully submitted,

ALEXANDER C. NEAVE,
Attorney for Petitioner

CLARENCE D. KERR,
WILLIAM J. O'HEARN, JR.,
Of Counsel.

BRIEF IN SUPPORT OF PETITION

Opinions of the Courts Below

The opinion in the District Court for the Southern District of California, Central Division, was filed September 27, 1946, and appears in the Record (R. I, 12).

The opinion of the Court of Appeals for the Ninth Circuit was filed June 29, 1948 (R. V, 1550).

Jurisdiction

The jurisdictional statement appears in the foregoing petition.

Statement of the Case

The facts are stated in the foregoing petition.

Specification of Errors

The errors which Petitioner will urge, if the writ of certiorari is issued, are that the Court of Appeals for the Ninth Circuit erred:

1. In holding that there was no proof that Respondent had misused the patent; in denying Petitioner's motion to amend its complaint to set up such defense; and in not considering the question of misuse *sua sponte*.

2. In not determining whether Petitioner's contention of invalidity because of prior patents and publications, and prior knowledge, use and sale were supported by the weight of the evidence.

3. In giving undue weight to the District Court's Findings of Fact with respect to matters proved solely by documentary evidence and testimony taken by deposition.

4. In holding that claims 10, 11 and 13 of the McAdam patent were valid and in not holding that they were invalid because of anticipation and lack of novelty and invention, in view of prior patents and publications, and of prior knowledge, use and sale.

5. In not considering Petitioner's contention that the claims of the McAdam patent cannot be construed sufficiently narrowly to avoid anticipation, and in not holding that Respondent is estopped from having the benefit of such interpretation because of the proceedings in the United States Patent Office.

6. In holding that claim 13 of the McAdam patent is infringed by Petitioner, and in not holding that Petitioner did not sell all of the elements of this claim and therefore did not infringe.

Summary of Argument

The reasons for the allowance of the writ, stated on pages 14-15, *supra*, constitute a summary of argument.

ARGUMENT

POINT I

IN HOLDING THAT RESPONDENT DID NOT MISUSE ITS PATENT IN AN EFFORT TO CONTROL COMPETITION ON UNPATENTED DEVICES, THE COURT OF APPEALS DECIDED AN IMPORTANT QUESTION OF PATENT LAW IN CONFLICT WITH THE DECISIONS OF THIS COURT AND OF OTHER COURTS OF APPEALS.

In this case the Respondent is asking for an injunction from a court of equity. It is asking for this injunction in order to protect its own unpatented business from competition. It is clearly a matter of public interest that the

processes of the court should not be used for an improper purpose. As this Court has said:

> " 'Where an important public interest would be prejudiced', the reasons for denying injunctive relief 'may be compelling'. *Harrisonville* v. *Dickey Clay Co.*, 289 U. S. 334, 338. And see *United States* v. *Morgan*, 307 U. S. 183, 194. That is the principle which has led this Court in the past to withhold aid from a patentee in suits for either direct or indirect infringement where the patent was being misused." *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661, 670.

It is respectfully submitted that this Court should be quick to review decisions of lower courts where it appears that the court's processes would be used for an improper purpose, and particularly where the lower courts forestall the application of an established rule of law by technical ruling and by failure to apply *sua sponte* such rule of law. That is the situation in this case.

The Court below sustained the District Court's denial of Petitioner's motion to amend its pleadings to set up Respondent's misuse of its patent. Such amendment, however, was unnecessary in order to allow the Court to decide the question, for the Courts below could have and should have acted *sua sponte* and denied relief. As stated in *Frank Adam Electric Co.* v. *Westinghouse Elec. Mfg. Co.*, (8 Cir., 1945) 146 F. 2d 165, 167:

> "• • • The rule is firmly established that whenever in the course of the proceeding the court is informed in any way that the plaintiff is without clean hands, that it is using the monopoly of the patents in suit to restrain competition on unpatented things in violation of law, the court should inquire into the facts of its own accord, and if it finds the charge to be true relief should not be granted."

Also see *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661, 670.

That Petitioner is misusing the McAdam patent is clearly established by the admissions of its vice president and general manager and by its patent expert (R. I, 79-81, 277-79). Without contradicting and thus impeaching its own witnesses there is no evidence which Respondent could have introduced which would have altered the situation. All the facts which were necessary for a determination of this issue were in the Record and it was therefore within the province of both Courts below to consider and apply the doctrine of "unclean hands".

The McAdam patent is a combination patent. Each claim of the patent, if valid, covers only the combination of all of the elements recited in that claim. Any one element, or any combination of elements, *less* than *all* of the elements recited in the claim is, therefore, unpatented. This principle was clearly stated in *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661 (1944) at page 667:

> "* * * The patent is for a combination only. Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly. *Leeds & Catlin Co.* v. *Victor Talking Machine Co.* (No. 1), 213 U. S. 301, 318. Whether the parts are new or old, the *combination* is the invention and it is *distinct* from any of them. See *Schumacher* v. *Cornell*, 96 U. S. 549, 554; *Rowell* v. *Lindsay*, 113 U. S. 97, 101 * * *."

As already stated Respondent does not sell the *supply conduit*; it does not sell the *outlet conduit* (R. I, 80, 79). Both of these are admittedly important elements of the patented combination (R. I, 221). In addition, the elements are stated in the claims to be "in combination with a refrigerated space", that is, the refrigerator box. Respondent does not install the unit in combination with a refrigerator box and it does not sell any such box (R. I, 81). By the admission of Respondent's patent expert, Doble, this "refrigerated space", or refrigerator box, is an important element of the claims because it imports into the claims from

the specification of the patent the fact that the defrosting device is used in or in connection with a refrigerator box which is maintained at a temperature below the freezing point of water (R. I, 277-8).

It follows then that the device, which Respondent sells, does not include all of the elements of the combination, those elements not included being of importance to the functioning of the apparatus. The unit which Respondent sells is an unpatented product.

Respondent's counsel admitted at the trial that:

> "The evidence clearly shows that perhaps we are selling less than we are entitled to under the combination and giving a license to use the rest of it" (R. III, 1055).

Respondent and its licensees, by law, impliedly grant a license under the McAdam patent to all who purchase the unpatented water defrosting unit from them. That Respondent intended that such a license be granted is shown by the fact that it has never sued for infringement any user or seller of a water defrosting device which was purchased from it or from one of its licensees, but it has sued for infringement non-licensed manufacturers and their customers (R. I, 89). For example, so long as Petitioner purchased the unpatented Recold units from Respondent and resold them, Respondent did not sue Petitioner for infringement (R. I, 104-5). Now, however, that Petitioner itself manufactures and sells water defrosting devices it has been charged with infringement by Respondent and sued.

By this course of conduct, Respondent is illegally using the McAdam patent to control competition in an unpatented product, by attempting to compel the trade to purchase from it the unpatented device, that is, less than the entire combination.

Prior to the cases of *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661 (1944), the *Mercoid Corp.* v. *Honeywell Co.*, 320 U. S. 680 (1944), the above misuses of patents were recognized and condemned where a patent for a machine or

process was being used to secure a partial monopoly in supplies or unpatented materials used in the process or by the machine.* The *Mercoid* cases merely extended the misuse doctrine to include those cases in which "the unpatented * * * device is itself an integral part of the structure embodying the patent" (320 U. S. 665), which is precisely the case here.

In the *first Mercoid* case, neither Mid-Continent nor its licensee Minneapolis-Honeywell installed the entire combination, nor did either sell the entire combination, but the latter did sell a portion of the entire patented combination. Mid-Continent sued Mercoid for contributory infringement, because of its sale of *part* of the patented combination. This Court held this to be a misuse of the patent and stated (320 U. S. 661, 667):

> "* * * the competition which is sought to be controlled is not competition in the sale of the patented assembly but merely competition in the sale of the unpatented thermostatic controls. The patent is employed to protect the market for a device on which no patent has been granted."

This Court further said (at p. 667):

> "That result may not be obviated in the present case by calling the combustion stoker switch the 'heart of the invention' or the 'advance in the art'. The patent is for a combination only. Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly * * * Whether the parts are new or old, *the combination is the invention and it is distinct from any of them.*"

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* *Carbice Corp.* v. *American Patents Corp.*, 283 U. S. 27 (1931);
Leitch Mfg. Co. v. *Barber Co.*, 302 U. S. 458 (1938);
Morton Salt Co. v. *G. S. Suppiger Co.*, 314 U. S. 488 (1942);
B. B. Chemical Co. v. *Ellis*, 314 U. S. 495 (1942).

The *second Mercoid* case (320 U. S. 680) involved precisely the same situation as to another combination patent. The Court stated (at p. 684):

> " • • • The fact that an unpatented part of a combination patent may distinguish the invention does not draw to it the privileges of a patent. That may be done only in the manner provided by law. However worthy it may be, however essential to the patent, *an unpatented part of a combination patent is no more entitled to monopolistic protection than any other unpatented device.* For as we pointed out in Mercoid *v.* Mid-Continent Investment Co., supra, *a patent on a combination is a patent on the assembled or functioning whole, not on the separate parts.* • • •"

The practice which is condemned in both *Mercoid* cases is the attempt to use a combination patent so as to give an economic advantage in the market to an unpatented product which is itself an integral part of the combination.

In the present case Respondent is illegally using its combination patent to induce purchasers to buy from it, or from its licensees, a device which is admittedly less than the entire combination, and, therefore, an unpatented mechanism. The Court of Appeals is aiding Respondent in misusing its patent by its failure to apply in this case the rule of law established by this Court, and followed by other circuits.

Galion Metallic Vault Co. v. *Edward G. Budd Mfg. Co.*, (3 Cir., 1948) —— F. 2d ——, 78 U. S. P. Q. 135;

Landis Machinery Co. v. *Chaso Tool Co.*, (6 Cir., 1944), 141 F. 2d 800; cert. den. (1944) 323 U. S. 720;

Master Metal Strip Service Inc. v. *Protex Weatherstrip Mfg. Co.*, (7 Cir., 1948) —— F. 2d ——, 78 U. S. P. Q. 119;

Frank Adam Electric Co. v. *Westinghouse Elec. Mfg. Co.*, (8 Cir., 1945) 146 F. 2d 165.

The denial of Petitioner's motion by the Court of Appeals and its refusal to apply *sua sponte* the rule of law established by this Court, is a matter of public interest which this Court should review, as it has in other cases involving patent misuse.

McCullough v. *Kammerer Corp.*, 322 U. S. 766; 323 U. S. 327; 329 U. S. 712; 331 U. S. 96;
Mercoid Corp. v. *Mid-Continent Co.*, 319 U. S. 737; 320 U. S. 661;
Mercoid Corp. v. *Minneapolis-Honeywell Regulator Co.*, 319 U. S. 739; 320 U. S. 680;
Morton Salt Co. v. *Suppiger Co.*, 313 U. S. 555; 314 U. S. 488;
B. B. Chemical Co. v. *Ellis et al.*, 313 U. S. 558; 314 U. S. 495;
Leitch Mfg. Co. v. *Barber Co.*, 302 U. S. 673; 302 U. S. 458;
Carbice Corp. v. *American Patents Corp.*, 281 U. S. 711; 283 U. S. 27.

POINT II

IN REFUSING TO DISTURB THE DISTRICT COURT'S FINDINGS OF FACT WHICH ARE INFERENCES FROM UNDISPUTED EVIDENCE OR WHICH ARE BASED UPON DOCUMENTARY EVIDENCE OR DEPOSITIONS ONLY, THE LOWER COURT GAVE AN INTERPRETATION TO RULE 52a CONTRARY TO THE DECISIONS OF THIS COURT AND OF OTHER COURTS OF APPEALS.

That portion of Rule 52a of the Federal Rules of Civil Procedure, 28 U. S. C. A. 723c, which is pertinent to this matter, reads as follows:

> "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

This Court has recently pointed out, in *United States v. U. S. Gypsum Co.*, 333 U. S. 364, 394, that Rule 52a "was intended, in all actions tried upon the facts without a jury, to make applicable the then prevailing equity practice". This practice, this Court stated,

> "was that the findings of the trial court, when dependent upon oral testimony where the candor and credibility of witnesses would best be judged, had great weight with the Appellate Court. The findings were never conclusive, however." (333 U. S. 364, 395)

In such a situation, the Court stated, "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed" (333 U. S. 364, 395).

Thus the reviewing court must consider the entire evidence, and the findings should not be sustained if they are against the weight of the evidence, even though there may be "substantial evidence" to support them.

We submit that the opinion of the Court of Appeals, and the two cases cited by it in support of its opinion, show that it misinterpreted this rule in this case, and sustained findings where supported by "substantial evidence" *whether or not the findings were against the weight of the evidence.**

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* It would appear from the present case and the cases cited in the opinion of the Court of Appeals, that having determined that novelty and invention are questions of fact, the Court of Appeals concludes that the findings of the Trial Court on this subject are in effect determinative, and that the Court of Appeals need only apply the following "formula":

> "These findings are supported by substantial evidence, are not clearly erroneous and should not be set aside."
>
> *Ralph N. Brodie Co.* v. *Hydraulic Press Mfg. Co.*, (9 Cir., 1945) 151 F. 2d 91, 94, affirming a holding of validity.

(Footnote continued on next page)

As pointed out by this Court, the rule relates to findings "dependent upon oral testimony where the candor and credibility of the witnesses would best be judged" (333 U. S. 364, 395).

Where, however, the findings are not dependent upon such testimony, as where the findings are inferences based on undisputed facts or are based upon documents or depositions taken out of Court, the situation is quite different.

Little presumption in favor of a lower court's findings of fact exists which binds the independent judgment of an appellate court, where the findings are based upon inferences from uncontradicted facts,

> *Munroe* v. *Smith*, (1 Cir., 1919) 259 F. 1;
> *Stewart* v. *Ganey*, (5 Cir., 1941) 116 F. 2d 1010;
> *Kycoga Land Co.* v. *Kentucky River Coal Corp.*, (6 Cir., 1940) 110 F. 2d 894; cert. den. (1940) 312 U. S. 688;
> *Wigginton* v. *Order of United Commercial Travelers*, (7 Cir., 1942) 126 F. 2d 659; cert. den. (1942) 317 U. S. 636.

It is evident that in patent cases there are many important findings of fact which are in effect conclusions or inferences drawn from evidence which may be quite undisputed, such as prior patents. This is particularly true of findings with respect to invention or anticipation. If such

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"These findings are supported by substantial evidence, are not clearly erroneous and should not be disturbed."

Maulsby v. *Conzevoy* (9 Cir., 1947), 161 F. 2d 165, 167; cert. den. (1947) 332 U. S. 791, affirming a holding of invalidity.

"The findings are supported by substantial evidence, are not clearly erroneous and should not be disturbed."

The opinion in this case (R. V, 1556; 168 F. 2d 896, 899).

findings were given the full weight of true fact findings based upon disputed oral testimony taken before the Court, the question of invention or anticipation, important issues in a patent case, would have little chance of review on appeal. The rule applied by the Court of Appeals in this case improperly gives such weight to fact findings as to invention, and anticipation, which findings were in effect inferences or conclusions based upon prior patents and publications.

But in addition the Court of Appeals has not followed in this case the rule applied in all other circuits, and recently in its own circuit in non-patent cases, that findings of fact based upon documentary evidence† or upon testimony submitted by depositions taken out of Court,* have little binding power upon the independent judgment of an appellate court. The reason for this rule is that an appellate court is in as good a position as a trial court to determine the credibility of the evidence and to draw inferences from it.

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†*Fleming* v. *Palmer,* (1 Cir., 1941) 123 F. 2d 749; cert. den. (1941) 316 U. S. 662;
Kaeser & Blair v. *Merchants' Assn.,* (6 Cir., 1933) 64 F. 2d 575;
Nashua Mfg. Co. v. *Berenzweig,* (7 Cir., 1930) 39 F. 2d 896;
Carter Oil Co. v. *McQuigg,* (7 Cir., 1940) 112 F. 2d 275;
United States v. *Corporation of the President etc.,* (10 Cir., 1939) 101 F. 2d 156.

*Banister v. Solomon, (2 Cir., 1942) 126 F. 2d 740;
Photoplay Pub. Co. v. *LaVerne Pub. Co.,* (3 Cir., 1921) 269 Fed. 730;
Uihlein v. *General Electric Co.,* (7 Cir., 1931) 47 F. 2d 997;
Carter Oil Co. v. *McQuigg,* (7 Cir., 1940) 112 F. 2d 275;
Equitable Life Assur. Soc. of U. S. v. *Irelan,* (9 Cir., 1941) 123 F. 2d 462, 464;
Stork Restaurant v. *Sahati,* (9 Cir., 1948) 166 F. 2d 348, 352.

In the present case, where Petitioner's defenses of invalidity because of prior patents and publications, and because of five instances of prior knowledge and use, and one instance of prior knowledge and sale, were dependent *solely* upon depositions* and documents, the Court of Appeals improperly applied the rule of law appropriate to findings based upon disputed evidence introduced by way of *oral testimony before the Trial Court*. In this the Court of Appeals applied a rule of law different from that followed by other circuits.

It is obvious that such a practice as that followed by the Court of Appeals may make the review of patent cases on appeal practically a *pro forma* matter. There are very few patent cases in which there is not "substantial evidence" in support of arguments for the validity or invalidity of a patent.

It was the duty of the Court of Appeals to determine upon "the entire evidence" whether "a mistake has been committed," as this Court has said, and to give little weight to those findings of the District Court that were based upon documentary evidence or testimony taken by deposition. When it is noted that the opinion below does not contain any discussion or even mention of any of the prior patents, prior uses or prior sales relied upon by Petitioner as its main defense, it is only too evident that the Court placed undue reliance upon the findings of fact of the Trial Court with respect to these matters, and did not apply the established rule of law followed in all the other circuits.

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* Except for two witnesses in one of the instances of prior use.

POINT III

IN GIVING THE CLAIMS OF THE PATENT AN INTERPRETATION SPECIFICALLY ABANDONED IN THE PATENT OFFICE, THE COURT OF APPEALS DECIDED A QUESTION OF PATENT LAW CONTRARY TO THE DECISIONS OF THIS COURT.

In considering the prior art in this case, the Court of Appeals apparently accepted Respondent's contention, mentioned above, that the McAdam claims should be interpreted as a combination where the refrigerated space is "maintained *constantly* below the freezing point of water" (*supra*, p. 10), thus sustaining the claims over the prior art. Applying this limitation to the claims results in a manufacturer not knowing whether the device he sells is an infringement or is not an infringement. Since the application of this limitation makes infringement dependent upon whether the device is used in connection with a refrigerated space "maintained *constantly* below the freezing point of water", the device may or may not infringe, depending upon the temperature maintained by the user in the refrigerated room. Obviously the manufacturer and seller of the device will have no control over the temperature at which the user keeps his refrigerated room. It is submitted that no interpretation should be put upon an apparatus claim which renders it impossible for the seller of the apparatus to tell whether or not he is incurring patent liability.

In this case the Respondent was in fact estopped from so limiting the claims of the patent, because such a limitation was abandoned during the prosecution of the application in the Patent Office (*supra*, pp. 10-11). In not so holding, the Court of Appeals decided a question of patent law contrary to the decisions of this Court.

Not only may a patentee "not broaden his product claims by describing the product in terms of function"

(*General Electric Co.* v. *Wabash Appliance Corp.*, 304 U. S. 364, 371), but it has been long established by this Court that a limitation either added to, or subtracted from, the claims during the pendency of an application in the Patent Office may not be later ignored when construing the claims either to narrow the claims to avoid a prior art reference, or to broaden the claims to cover an alleged infringing device. As this Court said in *Schriber Co.* v. *Cleveland Trust Co.*, 311 U. S. 211 at pages 220-1:

> "It is a rule of patent construction consistently observed that a claim in a patent as allowed must be read and interpreted with reference to claims that have been cancelled or rejected, and the claims allowed cannot by construction be read to cover what was thus eliminated from the patent."

And at page 221:

> "True, the rule is most frequently invoked when the original and cancelled claim is broader than that allowed, but the rule and the reason for it are the same if the cancelled or rejected claim be narrower."

To the same effect: *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U. S. 425, 429 (1894).

In limiting the claims by interpreting them in the manner urged by Respondent to save them from anticipation, when such a limitation had been specifically rejected and abandoned in the Patent Office, the Court of Appeals applied a rule of law contrary to that established by this Court, which requires the review by this Court.

POINT IV

IN HOLDING INFRINGEMENT TO EXIST WHEN PETITIONER'S DEVICE DID NOT HAVE ALL THE ELEMENTS OF COMBINATION CLAIM 13, THE COURT OF APPEALS APPLIED A RULE OF LAW CONTRARY TO THAT LONG ESTABLISHED BY THIS COURT.

It is admitted that Claim 13, the only claim held infringed, is a combination claim, all of the elements of which are old. The elements are stated in the claim as being "in combination with a refrigerated space". Respondent's expert admitted that the "refrigerated space", or refrigerator box, was one of the elements (R. I, 278). He also stated that the refrigerating apparatus of the claim "has to be used in combination with a refrigerated space. Otherwise, there is no problem" (R. I, 279). Respondent's witness was there emphasizing the importance of the refrigerator box as an element of the combination, and this was made clear by Respondent's statement in its brief in the Court of Appeals (page 29) that the patent was "not anticipated by a refrigerating apparatus which is not maintained *constantly* below the freezing point of water" (emphasis theirs).

If prior art does not anticipate unless it shows a refrigerator box "*constantly* below the freezing point of water", certainly a combination cannot infringe unless it is shown that the refrigerator box which was part of the combination was "maintained *constantly* below the freezing point of water".

There is no proof that Petitioner has made, used or sold *any* refrigerator box, and no proof that any such box with which its products were used was maintained "constantly" below freezing.

It was stipulated that Petitioner supplied refrigeration units to be installed to maintain a temperature below freezing in the refrigerated space (R. IV, 1528), but what Petitioner itself sold was the unit and connections only, and not the refrigerator box; and there is no evidence that Peti-

tioner ever itself installed the units in combination with the refrigerator box.

This Court has continually maintained that "no one is an infringer of a combination claim unless he uses all the elements thereof." *Cimiotti Unhairing Co.* v. *Am. Fur Ref. Co.*, 198 U. S. 399, 410.

This Court has recently reiterated its doctrine in this respect in *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661, 667-668, where it said:

> "Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly. *Leeds & Catlin* v. *Victor Talking Machine Co.* (No. 1), 213 U. S. 301, 318. Whether the parts are new or old, the combination is the invention and it is distinct from any of them."

In finding infringement of Claim 13 when Petitioner did not sell the entire combination of the claim, the Ninth Circuit Court of Appeals applied a rule of law contrary to the decisions of this Court.

Conclusion

As was stated by this Court in *Hazel-Atlas Co.* v. *Hartford Co.*, 322 U. S. 238, 246:

> "There are issues of great moment to the public in a patent suit."

The Court of Appeals has decided questions in this case contrary to various principles of law long established by this Court, and followed for many years by other Courts of Appeals. In so doing, it has sustained a patent granting a monopoly to the Respondent for defrosting refrigerator coils by means of water, something which has been disclosed many years ago in published documents, and known and practiced in the trade for years. And in so doing the Court of Appeals has made it impossible for a manufacturer or

seller to tell whether or not the device he sells is an infringement. Finally, this decision of the Court of Appeals makes available to the Respondent the injunctive processes of the courts to protect Respondent's unpatented business from competition. It is earnestly urged that the decision below of the Court of Appeals is incorrect and continues an unjustified monopoly against the public interest.

It is therefore submitted that the petition be granted.

Respectfully submitted,

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September 27, 1948.